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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

In re

LEHMAN BROTHERS HOLDINGS INC., *et al.*,

Debtors.

Case No. 08-13555 (SCC)

**STATUS REPORT OF RMBS TRUSTEES IN  
CONNECTION WITH THE ORDER ESTABLISHING A PROTOCOL  
TO RESOLVE CLAIMS FILED BY RMBS TRUSTEES ON BEHALF  
OF CERTAIN ISSUERS OF RESIDENTIAL MORTGAGE-BACKED SECURITIES**

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U.S. Bank National Association, Law Debenture Trust Company of New York, Wilmington Trust Company, Wilmington Trust, National Association, and Deutsche Bank National Trust Company, not individually but solely in their respective capacities as trustees or separate trustees for certain RMBS trusts (each a “Trustee” and collectively the “RMBS Trustees”) submit this Status Report in connection with that certain *Order Establishing A Protocol To Resolve Claims Filed By Trustees On Behalf Of Certain Issuers Of Residential Mortgage-Backed Securities* (ECF 47569) (as amended, the “Protocol Order”). The Protocol Order, and Exhibit A to that order (as amended, the “Protocol”), were amended on March 30, 2016 by that certain *Order Granting Motion of RMBS Trustees To Extend The Overall Claim File Cut-Off Date For Certain Loans Under The Protocol Order And Related Relief* (ECF 52367).<sup>1 2</sup>

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<sup>1</sup> All terms that are not defined herein shall have the definition set forth in the Protocol. All data and numerical information contained in this Status Report is through June 24, 2016, unless otherwise indicated, and relates solely to Covered Loans, as defined below.

<sup>2</sup> Prior status reports and related supplements thereto filed by the RMBS Trustees include (1) RMBS Trustees’ Status Report in Connection with the Order Establishing a Protocol to Resolve Claims Filed by RMBS Trustees on Behalf of Certain Issuers of Residential Mortgage-Backed Securities (ECF 50348), (2) Second Status Report of RMBS Trustees in Connection with the Order Establishing a Protocol to Resolve Claims Filed by RMBS Trustees on Behalf of Certain Issuers of Residential Mortgage-Backed Securities (ECF 50931), (3) Supplemental Status Report of the RMBS Trustees in Connection with the RMBS Protocol (ECF 51004), (4) Third Status Report of RMBS Trustees in Connection with the Order Establishing a Protocol to Resolve Claims Filed by RMBS Trustees on Behalf of Certain Issuers of Residential Mortgage-Backed Securities (ECF 51640), and (5) Status Report of the RMBS Trustees with Respect to Compliance with the Protocol and Motion to Extend the Overall Claim File Cut-Off Date for Certain Loans under the Protocol Order and Grant Related Relief (ECF 52342).

## INTRODUCTION

On December 29, 2014, the Court entered the RMBS Claims Protocol. The RMBS Trustees began complying with the RMBS Claims Protocol prior to its entry by requesting, in writing, that the master servicers (and later the servicers) provide the loan files for Covered Loans.<sup>3</sup> Thereafter the RMBS Trustees embarked upon a comprehensive process to review the individual loan files by: (a) vetting and retaining five loan review firms;<sup>4</sup> (b) collecting loan files from servicers; (c) collecting servicing documentation; (d) reviewing files for completeness; and (e) submitting claims to the Plan Administrator.

### **The Loan Files Submitted**

On May 31, 2016, the RMBS Trustees completed their obligations under Step 1 of the Protocol. The RMBS Trustees submitted to the Plan Administrator RMBS Claims arising from a loan-by-loan review of 218,622 loans on a rolling basis in thirty deliveries from March 17, 2015 through May 31, 2016.<sup>5</sup> See Exhibit A. The RMBS Trustees determined through their Loan Review Firms and Duff & Phelps that 92,981 of these loans had breaches of representations and

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<sup>3</sup> The term Covered Loans for purposes of this status report include those loans for which the Debtors admit they have sole potential liability for breaches of representations or warranties and certain other loans identified by the RMBS Trustees in which the Debtors appear to have similar potential liability. These include certain loans that were originated by an affiliate of Lehman Brothers Holdings Inc. (“LBHI”) (including but not limited to BNC, Finance America, Aurora Bank, Aurora Loan Services and Mortgage Lenders Network) and other originators for which LBHI (or its affiliates) did not assign the origination representations and warranties to the relevant trust.

<sup>4</sup> Acknowledging the Court’s comments in December 2014, the RMBS Trustees retained five review firms to review loan files: (1) Digital Risk Advisory Services; (2) Opus Capital Market Consultants, LLC; (3) EdgeMac Mortgage Advisory Services, LLC; (4) CrossCheck Compliance LLC; and (5) The Oak Leaf Group, LLC (collectively the “*Loan Review Firms*”). Duff & Phelps, LLC (“*Duff & Phelps*”) has, among other tasks, served (i) to oversee the efforts of the Loan Review Firms to ensure a review consistent with the RMBS Claims Protocol and each other, (ii) to prepare and submit RMBS Claims to the Debtors, and (iii) to coordinate with the Plan Administrator’s professionals on the Protocol.

<sup>5</sup> The RMBS Trustees had additionally sought to reserve the right to support allowance of their RMBS Claims by alternative means with respect to 11,051 Covered Loans that were uneconomical to review under the Protocol, however, the Court rejected such reservation at a hearing held on June 9, 2016.

warranties that materially and adversely affected the value of the loans to the trusts and/or the interests of certificateholders, and thus submitted RMBS Claims in respect of such loans to the Plan Administrator. The RMBS Trustees further determined that 47,441 loans of the 218,622 loans were paid off in full or are expected to be paid off in full and were not reviewed under the Protocol.

Through June 24, 2016, the Plan Administrator responded to 76,699 RMBS Claim Files as follows:<sup>6</sup>

- 1,025 Approved Claim Files (1.34%);
- 51,798 Rejected Claim Files (67.53%); and
- 23,876 files deemed by the Plan Administrator to have insufficient documentation for review (31.13%).

The RMBS Trustees have 20 days from the date of receipt of rejections to rebut the Plan Administrator's responses regarding the Rejected Claim Files.

Thus far the RMBS Trustees have accepted the rejections of 1,113 Rejected Claim Files and resubmitted 49,293 Rejected Claim Files to the Plan Administrator with the RMBS Trustees' rebuttal. Additionally, the RMBS Trustees have rescinded 156 Rejected Claims as the loans have paid out without any loss. The RMBS Trustees are in the process of reviewing the remaining 1,236 Rejected Claim Files.

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<sup>6</sup> The RMBS Trustees reserve their rights with respect to the responses of the Plan Administrator.

**A. COLLECTION OF THE OTHER RELEVANT LOAN FILES (PROTOCOL SECTION I(e) OR III(b))**

The RMBS Trustees have now completed their pursuit of delivery of the loan files for Covered Loans from approximately seventeen different servicers through e-mail and telephonic conversations with them and/or master servicers.<sup>7</sup>

**(i) Process upon Receipt of the Loan Files (Protocol Section III(b))**

Upon receipt of loan files, Duff & Phelps notifies the Plan Administrator of their receipt in compliance with Section III(b)(i) of the Protocol, and distributes the loan files to a Loan Review Firm to review for completeness. The completeness data is submitted by the Loan Review Firms to Duff & Phelps, who aggregates the information and delivers a formal Notice of Completeness to the Plan Administrator as required by the Protocol in Section III (b)(ii) (the “*Notice of Completeness*”). Duff & Phelps has now delivered Notices of Completeness to the Plan Administrator with respect to all applicable loan files received.

**B. REVIEW OF LOAN FILES/CLAIM SUBMISSION (PROTOCOL SECTION III(c)(I) AND (II))**

The RMBS Trustees met every Protocol milestone for the review of Covered Loans. Specifically, the RMBS Trustees reviewed (1) more than 10,000 loan files before March 31, 2015, (2) 50,000 loan files by June 30, 2015, (3) 17,000 loans in each of July 2015, August 2015, September 2015, October 2015, November 2015, December 2015, January 2016, February 2016 and March 2016 and (4) submitted the loan files delivered for applicable Remaining Covered Loans, as defined in the Protocol, by May 31, 2016.

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The loan servicers include Nationstar Mortgage LLC, Aurora Loan Services LLC, Ocwen Loan Servicing LLC, Citimortgage Inc., Wells Fargo, Chase, Select Portfolio Servicing, Bank of America, N.A., Colonial Savings, Midwest Loan Services, Inc., PHH Mortgage, Bank of Hawaii, Specialized Loan Servicing, ABN Amro, Option One, Bridgefield Mortgage and Washington Mutual or successors thereto.

As requested by the Plan Administrator, the RMBS Trustees submitted claims twice a month—generally mid-month and end of month. The dates of submissions are attached as Exhibit A (Protocol Section III(c)(ii)).

**(i) Format of the Claims Submission (Protocol Section III (e) and Exhibit C)**

The RMBS Trustees have submitted claims in compliance with Section (III) (e) of the Protocol. The claims have been submitted on a loan-by-loan basis. As previously noted, the May 31, 2016 milestone was duly met, and each claim was submitted with an RMBS Claim File. The RMBS Trustees have submitted a total of 92,981 RMBS Claims. In determining whether to assert a claim, the RMBS Trustees, through their advisors, determined whether there was a defect with respect to a loan or loan file, determined whether such defect related to a representation and warranty contained in the relevant transaction document, whether such defect or deficiency breached such representation or warranty, and whether such breach had the requisite material and/or adverse effect contemplated by the underlying documents. Each RMBS Claim File sets forth the alleged defect(s) in the loan file and contains (a) the materials received by the RMBS Trustees supporting the claim, (b) a statement of how the breach entitles the relevant Trustee to a claim, (c) a calculation of the damages claim with documents the RMBS Trustees believe to be relevant, and (d) the date of the discovery of the breach. The RMBS Claim Files have been submitted on a rolling basis along with a Claim Tracking Spreadsheet in form and substance similar to that attached to Exhibit C of the Protocol.

**(ii) Responses from the Plan Administrator. (Protocol Section III(c)(iii) and Protocol Section IV))**

Under the terms of the RMBS Claims Protocol, once a claim is submitted the Plan Administrator has 30 days to review a loan file for completeness. The Plan Administrator has

submitted certain completeness reviews identifying loans that are purported to be missing documents that the Plan Administrator indicates are necessary for its review, which loans are currently being put aside under the Protocol by agreement of the parties.

**C. DISCLOSURE TO THIRD PARTIES**

*The RMBS Trustees, with input from their counsel and advisors, have reviewed Covered Loans for breaches of representations and warranties. The Plan Administrator has the right to object to any claim submitted by the RMBS Trustees as provided in the RMBS Claims Protocol. While the RMBS Trustees have submitted claims, they make no representation or warranty that the Plan Administrator will agree with the claims or that the claims will ultimately be recoverable against the Estate.*

DATED: June 24, 2016

Respectfully Submitted,

**U.S. BANK NATIONAL ASSOCIATION, SOLELY  
IN ITS CAPACITY AS INDENTURE TRUSTEE  
FOR CERTAIN MORTGAGE-BACKED  
SECURITIES TRUSTS**

**By: /s/ Franklin H. Top III  
ONE OF ITS ATTORNEYS**

**LAW DEBENTURE TRUST COMPANY OF NEW  
YORK, SOLELY IN ITS CAPACITY AS  
SEPARATE TRUSTEE FOR CERTAIN  
MORTGAGE-BACKED SECURITIES TRUSTS**

**By: /s/ M. William Munno  
ONE OF ITS ATTORNEYS**

**WILMINGTON TRUST COMPANY AND  
WILMINGTON TRUST, NATIONAL  
ASSOCIATION, EACH SOLELY IN ITS**

**CAPACITY AS TRUSTEE FOR CERTAIN  
MORTGAGE-BACKED SECURITIES TRUSTS**

**By: /s/ John C. Weitnauer  
ONE OF ITS ATTORNEYS**

**DEUTSCHE BANK NATIONAL TRUST COMPANY,  
SOLELY IN ITS CAPACITY AS TRUSTEE FOR  
CERTAIN MORTGAGE-BACKED SECURITIES  
TRUSTS**

**By: Richard C. Pedone  
ONE OF ITS ATTORNEYS**



**Exhibit A – Loan Files Reviewed**

<b>Date</b>	<b>Total</b>
March 17, 2015	2,059
March 27, 2015	471
March 30, 2015	2,015
March 31, 2015	5,765
April 23, 2015	1,446
April 30, 2015	8,930
May 15, 2015	3,414
May 29, 2015	12,156
June 17, 2015	3,811
June 29, 2015	12,307
July 17, 2015	4,135
July 31, 2015	12,865
August 14, 2015	3,023
August 31, 2015	13,977
September 18, 2015	4,128
September 30, 2015	12,872
October 15, 2015	4,716
October 30, 2015	12,284
November 17, 2015	3,333
November 30, 2015	13,667
December 15, 2015	2,890
December 30, 2015	14,110
January 15, 2016	2,227
January 29, 2016	14,773
February 16, 2016	2,192
February 29, 2016	14,808
March 16, 2016	6,234
March 31, 2016	20,124
April 29, 2016	629
May 31, 2016	3,261
<b>Grand Total</b>	<b>218,622</b>